



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 20, 1999

CERTIFIED RETURN RECEIPT

P 074 976 738

Keith Moeller
Clifton Mining Company
70 West Canyon Crest Road, Suite D
Alpine, Utah 84004

Re: Change in Mine Status, Clifton Mining Company, Gold Hill Mill, M/045/049, Tooele County, Utah

Dear Mr. Moeller:

On June 30, 1999 the BLM and DOGM visited the Gold Hill mill site (see attached inspection memo) to determine the extent of disturbance associated with the mill. We met with Mr. Bob Holliday representing Clifton Mining Company on site. As you know, the Utah Mined Land Reclamation Act applies to disturbances created on state, private, and federal lands. All of the mining related disturbances are jointly combined under one state permit. We performed a GPS survey of the disturbed areas associated with the mill site during our inspection. The attached GPS survey map outlines the disturbed acreage which your company is responsible for.

The mill site was surveyed separate from the upper access road since the mill site is on federal land and the road is on private lands. The results of the survey are as follows:

1. Mill Site - 8.63 acres (inside perimeter of fenced area)
2. Private Access Road - 0.29 acres
3. Total disturbance - 8.92 acres

Because the disturbance clearly exceeds the 5 acre threshold for a small mining permit, it is now necessary for Clifton Mining Company (CMC) to file a Notice of Intention to Commence Large Mining Operations with our agency. In addition, CMC must post a \$27,000 *interim* reclamation surety within 60 days of your receipt of this letter. This interim surety will cover the anticipated costs to reclaim the 8.92 disturbed acreage until a final surety amount can be accurately determined as part of the large mine review process. Please notify us what type/form of surety you wish to file so we may send you the appropriate Division forms as soon as possible.

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Page 2
Keith Moeller
M/045/049
July 20, 1999

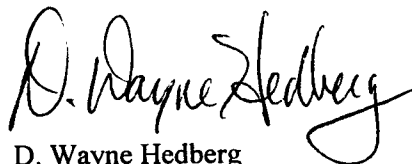
You must also submit a large mining permit application within 90 days of your receipt of this letter. A large mining notice of intention form (MR-LMO) is enclosed for your use. The interim surety will be held until the LMO is reviewed and approved by the Division. A final surety amount will be calculated as part of the assessment of your new permit application. The existing interim surety may need to be adjusted either up or down, depending on the outcome of the review.

The Division has changed the status of your mill site from a small mining to large mining operation. The file number is changed from S/045/049 to M/045/049. Because of the large mining status of this site, Clifton Mining Company will be assessed an increased annual permitting fee of \$350.00 for this project (revised bill enclosed). If you have already paid your 1999 small mine permit fee (\$100), then only the balance (\$250) will be required.

Until the Division has received the updated Large Mining Permit Application and the Interim Surety, it is not appropriate that Clifton Mining Company operate the Clifton Mill Site. The current Small Mining Notice is not valid for mining related disturbances greater than 5 acres. It is also our understanding that until Clifton Mining Company complies with the Conditions of Approval from State Field Office of the Bureau of Land Management approval letter, or receives a positive outcome from the appeal of this approval, the BLM will not allow Clifton Mining Company to operate this mill site.

If you have any questions or concerns regarding this letter, please contact me at (801) 538-5286, or Tom Munson at 538-5267. Thank you for your cooperation in this regard.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

dwh
Attachment: 7/9/99 inspection memo & map
Enclosures: MR-LMO, Revised Permit Fee Billing
LMO application form & rules
cc: Mary Ann Wright, DOGM
Mike Ford, BLM, Salt Lake FO
Terry Snyder, BLM, State Office
Lyle Stott, DWQ
M045049.ltr



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July 14, 1999

TO: Minerals File

FROM: Tom Munson, Senior Reclamation Specialist

RE: Site Inspection, Clifton Mining Company, Gold Hill Cactus Mill, S/045/049, Tooele County, Utah

Date of Inspection: June 30, 1999
Time of Inspection: 11:00 AM- 2:00AM
Conditions: Sunny
Participants: Bob Holliday, Clifton Mining Company; Terry Snyder, Mike Ford, Alan Rabinoff, BLM; Wayne Hedberg, Tom Munson, DOGM

Purpose of Inspection: To determine the extent and area of disturbance at the Mill Site.

We arrived on site at 11:00 AM and met Mr. Holliday. After preliminary introductions and discussions on what we hoped to accomplish at the site, we proceeded to look at the BLM watering tank, overflow pipe and watering trough for sheep, located just south of the mill site. We then proceeded to the junction box and discussed the type of structure from which the spring or ground water came. The spring appeared to be flowing from a small old, wooden covered mine adit (although we were not certain). Water was flowing from the adit by gravity flow into a diversion pipe leading down gradient to the BLM storage tank. We noted a dead kestrel and a dead rabbit floating in the water at the spring. An old abandoned mine shaft with a hand wench and cable was located just west of (@50 ft.) and up the hill from this water source (water in this shaft was estimated at @10 feet below the surface).

Mr. Holliday was asked how much disturbance was associated with the mill site. He stated that they estimated the disturbance to be around 8 acres. Mr. Hedberg and Ms. Snyder proceeded to measure the area inside perimeter of the Mill site fence surrounding the site with two Global Positioning System (GPS) units. Unfortunately, the data file from the State's GPS unit was later determined to be incomplete and did not record properly. The file from the BLM's GPS unit was calculated at 8.626 acres (see attached map). A GPS location measurement was taken of the section corner closest to the site. A GPS area measurement of the upper access road located outside of the fence was also taken by the State. This segment was found to contain 0.287 acres, making the total disturbance approximately 8.9 acres (not including the main access road).

The remainder of the site was walked and the following items were observed:

1. The tailings pond sample location points were pointed out by Mr. Holliday and described as 12 samples composited to 18" deep, which were split and sent to the lab for analysis. There were three unlined ponds and one plastic lined pond for holding fresh water.
2. The group observed a large half round holding tank containing neutralized cyanide solution located next to the mill building. The solution appeared to be nearly evaporated (a few inches of solution remained in the tank). It was fenced and sheltered.
3. We asked to see inside the new mill building, but Mr. Holliday did not have the key.
4. We toured the older Mill Building and Mr. Holliday explained the grinding and extraction process used to make concentrates (Ball mill, flotation circuit, filter presses, etc.).
5. Mr. Holliday stated that water samples had been taken from the second process pond and the overflow from the fresh water pond.
6. Several barrels of flotation reagents were stored outside of the older mill building and in a shed adjacent to the mill building.
7. Mr. Holliday said that there are 5-6 cyanide barrels locked and secured in the new mill building (originally purchased in 1984 or 1985?).
8. Mr. Holliday mentioned that the closed cyanide leach circuit, 2nd ball mill, and other components in the new mill building are not operational and have never operated.
9. Also observed were two small furnaces and a smelting area for pouring gold or silver bars with some waste material outside a three-sided cement enclosure.

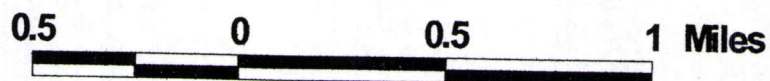
Several photos were taken to document the extent of the onsite disturbances and existing facilities.

jb

Attachment: Map

cc: Bob Holliday, Clifton Mining Company
Keith Moeller, Clifton Mining Company
Mike Ford, BLM, Salt Lake FO
Alan Rabinoff, BLM, State Office
Terry Snyder, BLM, State Office

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- Section corner
- Disturbed area 8.626 acres
- Road 0.287 acres



Clifton Mining Company
Cactus Mill Site
T 7 S - R 18 W and T 8 S - R 18 W
Gold Hill Quadrangle
1:24,000



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CLIFTON MINING COMPANY
70 W CANYON CREST RD STE D
ALPINE UT 84004

ATTENTION: KEITH MOELLER

ANNUAL PERMIT FEE

Annual Permit Fees (July 1999 thru June 2000)

PROJECT NAME	PROJECT ID	ACRES	BILLING DATE
GOLD HILL/CACTUS MILL	M450049	9	07/20/1999
PERMIT TYPE	PROJECT STATUS	ANNUAL FEE	
LARGE MINING OPERATION < 50 ACRES	ACTIVE	\$ 350	
		PAST DUE	
		\$ 0	
		DUE DATE	AMOUNT DUE
		08/19/1999	\$ 350

Please see enclosed instructions for payment.

Please retain this portion for your records. For billing information call (801) 538-5291

This portion MUST be returned with your payment to ensure proper credit. THANK YOU

ACCOUNT BILLED				PROJECT NAME		PROJECT ID	
CLIFTON MINING COMPANY				GOLD HILL/CACTUS MILL		M450049	
DUE DATE	ANNUAL FEE	PAST DUE	AMOUNT DUE	<input type="checkbox"/> FEE NOT ENCLOSED	Change of Address Contact _____ Address _____ _____ _____ State _____ Zip _____ Phone _____		
08/19/1999	\$ 350	\$ 0	\$ 350	Permittee requests an inspection to close out this permit.			
TAX ID OR SOCIAL SECURITY #							

DIVISION OF OIL GAS AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
PO BOX 145801
SALT LAKE CITY UT 84114-5801

**Please make check payable to:
Division of Oil, Gas and Mining**